Mayor's Office: Council Agenda Item Request Form

This form and supporting documents (if applicable) are due the Wednesday before the COW meeting by noon.

Date Received (office use)	

Date of Request	04/04/2018
Requesting Staff Member	Kim Barnett
Requested Council Date	04/10/2018
Topic/Discussion Title	Fee Waiver – State of Sport's Awards
Description	Use of Mountain America Expo Center for the Governor's Sate of Sport's Award Dinner.
Requested Action[1]	Consent – Approval of fee waiver
Presenter(s)	Kim Barnett, Associate Deputy Mayor
Time Needed[2]	NA
Time Sensitive[3]	YES
Specific Time(s)[4]	No
Please attach the supporting documentation you plan to provide for the packets to this form. While not ideal, if supporting documents are not yet ready, you can still submit them by 10 am the Friday morning prior to the COW agenda. Items without documentation may be taken off for consideration at that COW meeting.	Application for fee waiver

Mayor or Designee approval: Kim Barnett

[1] What you will ask the Council to do (e.g., discussion only, appropriate money, adopt policy/ordinance) – in specific terms.
[2] Assumed to be 10 minutes unless otherwise specified.
[3] Urgency that the topic to scheduled on the requested date.
[4] If important to schedule at a specific time, list a few preferred times.

APPLICATION FOR FEE WAIVER

NAME OF ORGANIZATION: Utah Sports Commission Foundation

ADDRESS: 201 S. Main St. #2125

CITY: Salt Lake City STATE: UT ZIP CODE: 84111

CONTACT PERSON: Chase Robbins PHONE NUMBER: 8013282349 EMAIL: crobbbins@utahsportscommission.com

ORGANIZATION OVERVIEW (which could include mission, history, and demographics served):

The Utah Sports Commission Foundation was formed in 2002 as a vehicle to promote and leverage Utah's natural and man-made sports venues while building a legacy around Utah's newly garnered Olympic success as host city in 2002. Through the Sports Commission's efforts, hundreds of events, tens of thousands of participants, and hundreds of millions of dollars of economic impact and tax dollars have flowed into the state of Utah and its local communities. In addition to the myriad fiscal and financial benefits our state and local governments receive, the organization's efforts also benefit local business, create jobs and give the citizens of Utah the opportunity to see world class events first hand. Furthermore, the hundreds of hours of national and International television exposure that many of these events bring creates a positive brand association for the state and further entrenches Utah as a premier outdoor, sports and recreation locale.

Have you previously requested a fee waiver from SLCo? **No**

If yes, when and for what facility? ______

What fees are you requesting be waived? Mountain America Expo Center

Fee waiver value $ $6,075 (Will be adjusted based on event actuals)

Please describe your justification for requesting the fee waiver:

The Sports Commission is a partner in promoting SL County as a sports destination. The Sports Commission's effort brings thousands of visitors, national and international television exposure, and millions of dollars of economic imapact and tax dollars to the county annually.

PLEASE ATTACH:

- [x] Copy of 501(c)(3)
- [x] Flyer, invitation or event announcement
- [x] Copy of independent audit. If you do not have one, please enclose a copy of current financial statements.

The undersigned hereby acknowledges that he or she has authority to bind the organization listed in the applicant. The applicant accepts the following terms and conditions as a condition of receiving and using County funds or the waiver of fees: County funds will be used solely for the purposes approved by the Mayor of Salt Lake County as applied for in this applicant. Any expenditure for purposes other than those approved will require a return of the entire grant amount and may disqualify the applicant from receiving any additional County funds. It is further understood that no grant fund will be made available to any County officer of employee or in violation of the requirements of the Public Employees Ethics Act (67-16-1 et seq.). No grant funds will be used for political or campaign purposes. As a further condition of the grant, all County funds may be subject to an audit as required by Salt Lake County. The grantee is required to complete the Disbursement of Funds Report Form for contributions more than $2,500.00.

Dated this 6 day of April 2016. Applicant Chase Robbins

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: OCT 24 2000

UTAH SPORTS COMMISSION FOUNDATION
324 S STATE ST STE 500
SALT LAKE CITY, UT 84117

Employer Identification Number:
87-0651075
DLN:
17053124022020
Contact Person:
LAURIE FORTUNE ID# 95002
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
March 31
Foundation Status Classification:
509(a)(2)
Advance Ruling Period Begins:
March 21, 2000
Advance Ruling Period Ends:
March 31, 2004
Addendum Applies:
No

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in section 509(a)(2).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts of $100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally $25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally $25,000 or less, and sign the return. Because you will be treated as a public charity for return filing purposes during your entire advance ruling period, you should file Form 990 for each year in your advance ruling period that you exceed the $25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of $20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed $10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding $1,000,000 in any year, the penalty is $100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding $1,000,000 shall not exceed $50,000. This penalty may also be charged if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that the recipient will use the funds for those purposes.

If you distribute funds to individuals, you should keep case histories showing the recipients' names, addresses, purposes of awards, manner of selection, and relationship (if any) to members, officers, trustees or donors of funds to you, so that you can substantiate upon request by the Internal Revenue Service any and all distributions you made to individuals. (Revenue Ruling 56-304, C.B. 1956-2, page 306.)

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Steven T. Miller

Steven T. Miller
Director, Exempt Organizations

Form **872-C**

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

(See instructions.)

OMB No. 1545-0056

To be used with Form 1023. Submit in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

UTAH SPORTS COMMISSION FOUNDATION
(Exact legal name of organization as shown in organizing document)

324 SO. STATE ST., STE. 500 SALT LAKE CITY UT 84111
(Number, street, city or town, state, and ZIP code)

and the District Director of Internal Revenue, or Assistant Commissioner (Employee Plans and Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year 3/31/00
(Month, day, and year)

Name of organization (as shown in organizing document)	Date
UTAH SPORTS COMMISSION FOUNDATION	4/25/00
Officer or trustee having authority to sign Signature ▶ [signature]	Type or print name and title JEFF L. ROBBINS TRUSTEE

For IRS use only

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date
	10-12-00

By ▶ [signature] MANAGER

For Paperwork Reduction Act Notice, see page 7 of the Form 1023 Instructions.

ISA
STF FED1585F

Internal Revenue Service **Western Region**

Exempt Organizations

IMPORTANT!

FACTS ABOUT THIS DETERMINATION LETTER

IMPORTANCE OF RETAINING THIS DETERMINATION LETTER:

1. This determination letter will not be reissued and must be retained as part of your permanent tax records.

2. An updated determination letter will only be issued if your organization submitts a new application and pays another user fee.

3. This determination letter, along with copies of the application files, annual returns, and all books and records should be delivered to the new officers of the organization as changes in officers occur.

FUTURE CONTACTS WITH THE INTERNAL REVENUE SERVICE:

1. **YOUR ORGANIZATION MUST** contact the Internal Revenue Service, if the name or address of your organization changes. Write to:

   Internal Revenue Service
   P.O. BOX 192
   Covington, KY 41012-0192

2. **YOUR ORGANIZATION MUST** file an annual information return (if due). Failure to do so can lead to loss of exempt status. (See annual return instructions of Publication 557 for additional information).

Charitable Contributions - Substantiation and Disclosure Requirements

UNDER THE NEW LAW, CHARITIES WILL NEED TO PROVIDE NEW KINDS OF INFORMATION TO DONORS. Failure to do so may result in denial of deductions to donors and the imposition of penalties on charities.

Legislation signed into law by the President on August 10, 1993, contains a number of significant provisions affecting tax-exempt charitable organizations described in section 501 (c)(3) of the Internal Revenue Code. These provisions include: (1) new substantiation requirements for donors, and (2) new public disclosure requirements for charities (with potential penalties for failing to comply). Additionally, charities should note that donors could be penalized by loss of the deduction if they fail to substantiate. **THE SUBSTANTIATION AND DISCLOSURE PROVISIONS APPLY TO CONTRIBUTIONS MADE AFTER DECEMBER 31, 1993.**

Charities need to familiarize themselves with these tax law changes in order to bring themselves into compliance. This Publication alerts you to the new provisions affecting tax-exempt charitable organizations. Set forth below are brief descriptions of the new law's key provisions. The Internal Revenue Service plans to provide further guidance in the near future.

Donor's Substantiation Requirements

Documenting Certain Charitable Contributions. — Beginning January 1, 1994, no deduction will be allowed under section 170 of the Internal Revenue Code for any charitable contribution of $250 or more unless the donor has contemporaneous written substantiation from the charity. In cases where the charity has provided goods or services to the donor in exchange for making the contribution, this contemporaneous written acknowledgement must include a good faith estimate of the value of such goods or services. Thus, taxpayers may no longer rely solely on a cancelled check to substantiate a cash contribution of $250 or more.

The substantiation must be "contemporaneous." That is, it must be obtained by the donor no later than the date the donor actually files a return for the tax year in which the contribution was made. If the return is filed after the due date or extended due date, then the substantiation must have been obtained by the due date or extended due date.

The responsibility for obtaining this substantiation lies with the donor, who must request it from the charity. The charity is not required to record or report this information to the IRS on behalf of donors.

The legislation provides that substantiation will not be required if, in accordance with regulations prescribed by the Secretary, the charity reports directly to the IRS the information required to be provided in the written substantiation. At present, there are no regulations establishing procedures for direct reporting by charities to the IRS of charitable contributions made in 1994. Consequently, charities and donors should be prepared to provide/obtain the described substantiation for 1994 contributions of $250 or more.

There is no prescribed format for the written acknowledgement. For example, letters, postcards or computer-generated forms may be acceptable. The acknowledgement does not have to include the donor's social security or tax identification number. It must, however, provide sufficient information to substantiate the amount of the deductible contribution. The acknowledgement should note the amount of any cash contribution. However, if the donation is in the form of property, then the acknowledgement must describe, but need not value, such property. Valuation of the donated property is the responsibility of the donor.

The written substantiation should also note whether the donee organization provided any goods or services in consideration, in whole or in part, for the contribution and, if so, must provide a description and good-faith estimate of the value of the goods or services. In the new law these are referred to as "quid pro quo contributions."

Please note that there is a new law requiring charities to furnish disclosure statements to donors for such quid pro quo donations in excess of $75. This is addressed in the next section regarding Disclosure By Charity.

If the goods or services consist entirely of intangible religious benefits, the statement should indicate this, but the statement need not describe or provide an estimate of the value of these benefits. "Intangible religious benefits" are also discussed in the following section on Disclosure By Charity. If, on the other hand, the donor received nothing in return for the contribution, the written substantiation must so state.

The present law remains in effect that, generally, if the value of an item or group of like items exceeds $5,000, the donor must obtain a qualified appraisal and submit an appraisal summary with the return claiming the deduction.

The organization may either provide separate statements for each contribution of $250 or more from a taxpayer, or furnish periodic statements substantiating contributions of $250 or more.

Separate payments are regarded as independent contributions and are not aggregated for purposes of measuring the $250 threshold. However, the Service is authorized to establish anti-abuse rules to prevent avoidance of the substantiation requirement by taxpayers writing separate smaller checks on the same date.

If donations are made through payroll deductions, the deduction from each paycheck is regarded as a separate payment.

A charity that knowingly provides false written substantiation to a donor may be subject to the penalties for aiding and abetting an understatement of tax liability under section 6701 of the Code.

Disclosure by Charity of Receopt of Quid Pro Quo Contribution

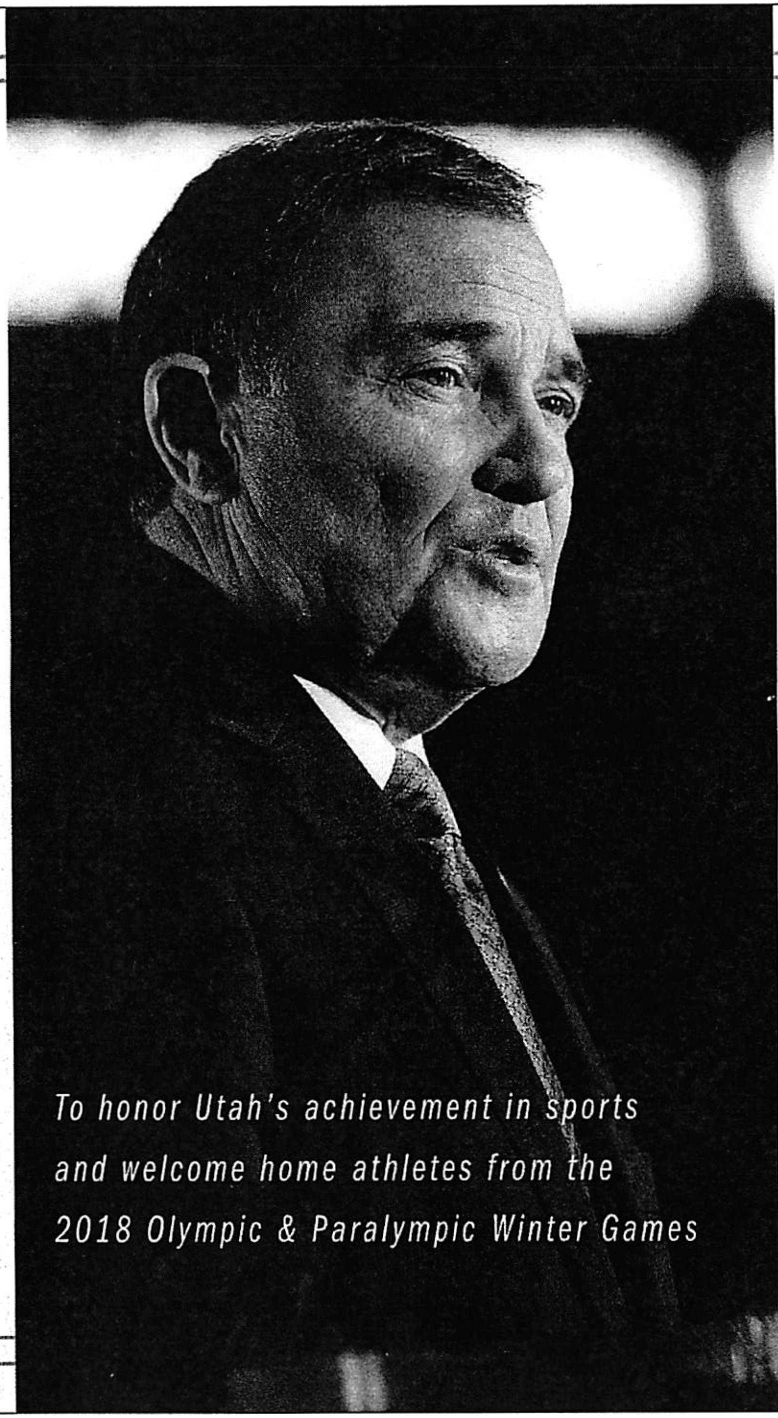
Beginning January 1, 1994, under new section 6115 of the Internal Revenue Code, a charitable organization must provide a written disclosure statement to donors who make a payment, described as a "quid pro quo contribution," in excess of $75. This requirement is separate from the written substantiation required for deductibility purposes as discussed above. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charity. An example of a quid pro quo contribution is where the donor gives a charity $100 in consideration for a concert ticket valued at $40. In this example, $60 would be deductible. Because the donor's payment (quid pro quo contribution) exceeds $75, the disclosure statement must be furnished, even though the deductible amount does not exceed $75.

Separate payments of $75 or less made at different times of the year for separate fund-raising events will not be aggregated for purposes of the $75 threshold. However, the Service is authorized to develop anti-abuse rules to prevent avoidance of this disclosure requirement in situations such as the writing of multiple checks for the same transaction.

The required written disclosure statement must:

(1) inform the donor that the amount of the contribution that is de-



7TH ANNUAL

HOSTED BY

UTAH SPORTS COMMISSION

GOVERNOR'S STATE OF SPORT AWARDS

PRESENTED BY

ZIONS BANK.

WEDNESDAY
APRIL 18th, 2018

VIVINT SMART
HOME ARENA

VIP RECEPTION
5:30PM – 6:45PM

EVENT BEGINS
7:00PM – 9:00PM

RSVP BY TUESDAY, April 3rd TO JACEY SHARPING AT
JSHARPING@UTAHSPORTSCOMMISSION.COM

BUSINESS DRESS RECOMMENDED

STATEOFSPORTAWARDS.COM

**Please note depending on the Utah Jazz and the NBA Playoff's the venue is subject to change*

Utah Sports Commission Foundation and Utah Sports Commission

COMBINED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended September 30, 2017 and 2016

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

CONTENTS

Larson
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Utah Sports Commission Foundation and Utah Sports Commission

We have audited the accompanying combined financial statements of **Utah Sports Commission Foundation and the Utah Sports Commission** (the "Organization"), which comprise the combined statements of financial position as of September 30, 2017 and 2016 and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Utah Sports Commission Foundation and Utah Sports Commission as of September 30, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Larson & Company PC

Salt Lake City, Utah
March 21, 2018

Larson & Company
9065 South 1300 East, Salt Lake City, Utah 84094
Main: (801) 313-1900 | Fax: (801) 313-1912
www.larsco.com

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Combined Statements of Financial Position
As of September 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,128,160	$ 7,989,535
Accounts and sponsorships receivable	5,570,850	2,976,086
Prepaid expenses	5,721	18,985
Other assets	975	975
Total current assets	12,705,706	10,985,581
Property and equipment, net	68,141	17,503
Total assets	$ 12,773,847	$ 11,003,084
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts and sponsorships payable	$ 774,518	$ 113,851
Accrued liabilities	75,869	76,995
Deferred revenue	3,975,000	3,975,000
Total current liabilities	4,825,387	4,165,846
Net assets		
Unrestricted	7,948,460	6,837,238
Total net assets	7,948,460	6,837,238
Total liabilities and net assets	$ 12,773,847	$ 11,003,084

The accompanying notes to the combined financial statements are an integral part of these financial statements

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Combined Statements of Activities

For the Years Ended September 30, 2017 and 2016

	2017	2016
Change in unrestricted net assets		
Revenues, support, and other income		
State and other contracts	$ 3,240,000	$ 3,615,000
Tourism and marketing performance contract	2,100,000	1,875,000
Contributions and sponsorships	546,000	528,250
In-kind contributions	484,827	291,033
Special events, net of direct benefits to donors ($246,953 in 2017 and $268,147 in 2016)	84,411	38,990
Other event revenues	37,874	49,801
Other (expense) income	-	454
Interest income	16,590	15,807
Total revenues, support, and other income	6,509,702	6,414,335
Expenses		
Program expenses		
Sports awards and sponsorships	2,600,478	1,946,767
Utah Golf Championship	1,357,845	1,084,725
Sports events, TV advertising, promotion, and marketing	533,801	731,502
Event attraction, creation, retention and expansion	344,232	280,657
Supporting services		
General and administrative	502,908	432,762
Fundraising	59,216	71,502
Total expenses	5,398,480	4,547,915
Change in net assets	1,111,222	1,866,420
Net assets, beginning of year	6,837,238	4,970,818
Net assets, end of year	$ 7,948,460	$ 6,837,238

The accompanying notes to the combined financial statements are an integral part of these financial statements

UTAH SPORTS COMMISSION FOUNDATION AND UTAH SPORTS COMMISSION

Combined Statements of Cash Flows

For the Years Ended September 30, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Change in net assets	$ **1,111,222**	$ 1,866,420
Adjustments to reconcile change in net assets to cash used by operating activities		
Depreciation and amortization	**12,251**	5,529
Loss on disposal of property and equipment	**-**	900
Decrease (increase) in operating assets:		
Accounts and sponsorships receivable	**(2,594,764)**	2,594,172
Prepaid expenses	**13,264**	8,616
Increase (decrease) in operating liabilities:		
Accounts and sponsorships payable	**660,667**	(549,853)
Accrued liabilities	**(1,126)**	26,076
Deferred revenue	**-**	(150,000)
Net cash flows from operating activities	**(798,486)**	3,801,860
Cash flows from investing activities		
Purchase of property and equipment	**(62,889)**	(8,756)
Net cash flows from investing activities	**(62,889)**	(8,756)
Net change in cash and cash equivalents	**(861,375)**	3,793,104
Cash and cash equivalents, beginning of year	**7,989,535**	4,196,431
Cash and cash equivalents, end of year	$ **7,128,160**	$ 7,989,535

The accompanying notes to the combined financial statements are an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combined Financial Statements

The accompanying combined financial statements include the accounts of Utah Sports Commission Foundation, a 501(c)(3) organization and Utah Sports Commission, a 501(c)(6) organization (collectively the "Organization"). The entities share a common board of trustees and are economically inter-dependent. They operate out of a shared office facility and employee, overhead and certain program expenditures are allocated between the two entities. For external financial reporting purposes, the financial statements of the organizations are presented on a combined basis. All significant inter-organizational transactions have been eliminated as part of the combination.

Nature of Activities

Utah Sports Commission Foundation was established in 2000 to foster national and international sports competition within the state of Utah. The Utah Sports Commission was also founded in 2000 and is a single point of contact for entities outside Utah to explore sponsorship opportunities that serve to enhance Utah's economy, image and quality of life through the attraction, promotion and development of national and international sports. Working together, the organizations act as a catalyst in unifying Utah's sports community and strengthening Utah's presence in the global sports marketplace. Key program activities are as follows:

- **Sports awards and sponsorships** – The sports awards and sponsorship programs are designed to assist organizations in attracting and retaining sporting events and opportunities in Utah. The applicant must demonstrate that the award is a key component to the bidding on, hosting of, and/or the overall success of the event. Generally, the Organization does not participate financially in the creation or start-up of events with little or no operating history, and all grants are subject to the availability of funding. Since the Organization's inception through the 2016-17 fiscal year, the sports awards and sponsorship program has provided funding to approximately 650 events across 27 different cities throughout Utah. The above data is deemed to be accurate to the best of our understanding and is subject to change based on best estimates from events rights holders and the available data and information at the time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities (Continued)

- **Utah Golf Championship** - The Utah Sports Commission Foundation, as a 501(c)(3) entity, contracts directly with the PGA TOUR to act as host organization for the Web.com Tour's Utah Championship, the only official PGA TOUR event hosted in the state of Utah. Support for the tournament comes primarily from local corporate and private sector sponsors, who provide cash and in-kind contributions to offset direct event expenditures. The host organization of any Web.com Tour event must be a registered 501(c)(3), as the Web.com Tour requires that proceeds generated from the tournament be distributed to charitable organizations at the discretion of the host organization. For the past several years, the Utah Sports Commission has designated Huntsman Cancer Foundation as the main beneficiary of the net proceeds, donating $50,000 in 2017 and over $200,000 during the last five years. In addition to its charitable impact, the Utah Championship also affords Utah golf fans an opportunity to watch the future stars of the PGA TOUR first hand. Past notable Utah Championship alumni include John Daly, Bubba Watson, Tony Finau and Zach Johnson.

- **Event attraction, creation, retention and expansion** - Through the joint efforts of the Organization, its partners, and the state of Utah, there is a strategy and team in place to work with the public and private sectors to promote the state of Utah as a major player in the national and international sports marketplace. The Organization, through its strategic and marketing initiatives, will attract, coordinate, and host sporting events that will make a significant contribution to Utah's economy, image and sports industry. Since inception through the 2016-17 fiscal year, the Organization has partnered on approximately 700 events with its Team Utah partners across 27 different cities throughout Utah. On an annual basis, the Organization partners on approximately 30-50 unique events.

- **Sports events, TV advertising, promotion and marketing** - In addition to the ever expanding portfolio of new and first time events the Organization is attracting to the state, it also works to retain and leverage existing and recurring events. These events serve as a valuable economic impact and image building driver, especially those that provide national and international television exposure. By showcasing Utah's awe inspiring landscapes to a broad audience, Utah can more effectively target key tourism demographics through strategic advertisements and calls to action. Furthermore, because major events tend to be followed by significant television and media assets, the Organization actively pursues new major events and competitions as part of its marketing and branding strategy. By utilizing the significant media assets associated with these types of events, the Organization is better able to promote and brand the state as a year round sports destination.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities (Continued)

- **Sports events, TV advertising, promotion and marketing (continued) -** The Organization has long understood the importance of a strong national and international media presence and has a proven track record of landing major sporting events. From the NBC televised Red Bull Rampage and Nitro World Games, to the Utah Championship (Golf Channel), AMA Monster Energy Supercross (Fox Sports), and Tour of Utah (Fox Sports), the Organization has and will continue to identify and pursue events that have a strong media and television presence, thereby leveraging its sports platform to strengthen the link between sports and tourism. In addition to its print, media and television strategy, the Organization also continues to promote Utah as a year round destination through its website, and through social media platforms such as Twitter, Facebook and YouTube. Furthermore, through the continued efforts of the Organization, the State of Utah receives significant return on investment in the form of new tax revenue generated by these events and the Organization's promotional and Olympic legacy related activities.

Basis of Presentation

The Organization prepares its combined financial statements on the accrual basis of accounting and follows U.S. generally accepted accounting principles for nonprofit organizations and reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted based upon the following criteria:

- **Unrestricted net assets** represent expendable funds available for operations which are not otherwise limited by donor restrictions. Funds designated by the board for specific projects are reported as board designated.

- **Temporarily restricted net assets** consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the funds can be spent.

- **Permanently restricted net assets** are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity; usually for the purpose of generating investment income to fund current operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Excess cash balances are held in depository and savings accounts at financial institutions and earmarked for future commitments described in Note 3.

Accounts and Sponsorships Receivable and Promises to Give

Accounts and sponsorships receivable and promises to give are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. Promises to give due later than one year are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using various rates applicable to the years in which promises are received. Discounts are amortized between the date the promise to give is recognized and the date the cash or other contributed assets are received.

Property and Equipment

Acquisitions of property and equipment in excess of $500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by donation, at estimated fair value at the date of the donation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period.

Depreciation and amortization are computed over the following estimated useful lives using the straight-line method:

Assets	Useful Lives
Computers and office equipment	5 years
Leasehold improvements	5 - 7 years
Website	3 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived Assets

The Organization reviews assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present as of and for the years ended September 30, 2017 and 2016.

Contracts

Contract revenues are recognized once the agreement has been executed and during the period in which services are provided by the Organization. Deferred revenue from executed contracts as of September 30, 2017 and 2016 totaled **$3,975,000** and $3,975,000, respectively.

Sponsorships

The Organization receives sponsorships for the Utah Golf Championship and the Governor's Awards event. Sponsorships are recorded when a commitment is finalized and the agreement is signed. The sponsorships typically include a quid-pro-quo component which includes event tickets and other goods and services. These quid-pro-quo components are recorded at fair value and the related revenue is deferred until the event occurs if the Organization has received the payment from the sponsor prior to year-end. There were no amounts deferred as of September 30, 2017 and 2016.

Contributions and In-kind Donations

Contributions are recognized when the donor makes a promise to give to the Organization that is considered unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Donations of property, equipment, and goods are recorded as support at their estimated fair market value at the date of gift. These donations are reported as unrestricted support unless the donor has restricted the gift to a specific purpose. Donations with explicit restrictions regarding their use are reported as temporarily restricted support and reclassified to unrestricted net assets when the donor restriction is met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs, general and administrative, and fundraising based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense was approximately **$128,225** and $119,325, respectively, for the years ended September 30, 2017 and 2016.

Income Taxes

Utah Sports Commission Foundation and Utah Sports Commission qualify as tax-exempt entities under Section 501(c)(3) and Section 501(c)(6), respectively, of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income tax. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose for which the Organization was granted exemption status. In the opinion of management, the Organization does not have any unrelated business income subject to taxation.

The Organization accounts for uncertain tax positions in accordance with Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Organization's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Generally, the Organization's tax returns remain subject to examination for three years from the date filed.

Reclassification

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Total changes in net assets were not affected by the reclassifications.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, an update to FASB ASC 606, *Revenue from Contracts with Customers*. This update revises previous revenue recognition standards to improve guidance on revenue recognition requirements. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard will be effective for the Organization beginning September 1, 2018.

In March of 2016, the FASB issued ASU 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2019. The Company does not anticipate a significant impact on the Organization's results of operations, financial position, or cash flows as a result of this new standard.

In August of 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 establishes a new financial reporting framework for not-for-profit entities. This will result in changes to the presentation of the statements of financial position, activities, and cash flows.

The guidance reduces the classification of net assets to two categories: (1) net assets without donor restrictions and (2) net assets with donor restriction. It also changes the classification and accounting for underwater endowments. ASU 2016-14 requires enhanced net asset disclosures which include information about the timing, nature of restrictions, and composition of the net assets with donor restrictions. Enhanced disclosures are also required for board designated net assets, which are classified as net assets without donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

To improve the transparency and utility of liquidity information provided in not-for-profit financial statements, ASU 2016-14 requires disclosure of quantitative and qualitative liquidity information, including how an entity manages liquidity risk and disclosures about availability of assets to meet cash needs within one year of the balance sheet date.

Changes to the statement of activities includes a requirement to report the total change in net assets and the changes in each of the two new classes of nets assets described above. All nonprofits will be required to present an analysis of expenses by function and by natural classification. This can be done on the face of the statement of activities, in a separate statement, or in the footnotes to the financial statements. The statement of cash flows may be presented using the direct or indirect method. If the direct method is used, the Organization is no longer required to include the indirect method reconciliation.

ASU 2016-14 is effective for the fiscal years beginning after December 15, 2017. Early adoption is permitted and encouraged. Management is evaluating the impact this guidance will have on the Organization's financial reporting and determining the appropriate time to implement this pronouncement.

2. PROPERTY AND EQUIPMENT, NET

The cost and related accumulated depreciation and amortization of property and equipment as of September 30, 2017 and 2016 are as follows:

	2017	2016
Cost		
Computers and office equipment	**74,502**	$ 123,683
Leasehold improvements	**39,960**	39,960
Website	**60,000**	-
Total cost of property and equipment	**174,462**	163,643
Accumulated depreciation and amortization	**(106,321)**	(146,140)
Property and equipment, net	**$ 68,141**	$ 17,503

Depreciation and amortization expense for the years ended September 30, 2017 and 2016 was **$12,251** and $5,529, respectively.

3. COMMITMENTS

In order to encourage groups to select the state of Utah as the destination for their future sporting events, management has made promotional, funding and service commitments to certain groups and organizations. The Organization will be obligated to fulfill these commitments in the year of the event. These commitments are made to enhance the quality of the event and encourage future events in the state. Anticipated funding for the fulfillment of these commitments is based on the Organization's expectation of its continued contractual relationship with the state of Utah. No liability for these commitments has been accrued in the financial statements as payment is contingent upon the events taking place and future funding being received.

The Organization estimates that promotional, funding and service commitments approximate $4 million for events such as FIS World Championship, Web.com Tour, Nitro World Games, Supercross, USSA Events, Larry H. Miller Tour of Utah, Days of 47 Rodeo and many others. These estimated commitments will be funded with reserves currently held by the organization in the form of cash held in depository accounts.

4. OPERATING LEASES

The Organization leases office space, equipment and an automobile under operating leases that expire through 2020. Future minimum annual lease payments required under operating leases as of September 30, 2017 are as follows:

Years Ending September 30,		
2018	$	25,544
2019		8,160
Thereafter		5,923
Total minimum lease payments	$	39,627

Total rent expense for operating leases and other short-term rent agreements was **$103,199** and $101,495 for the years ended September 30, 2017 and 2016. Of this amount **$57,060** and $57,060, respectively, was for in-kind office rent expense.

5. RETIREMENT PLAN

The Organization sponsors a "safe harbor 401(k)" plan in which all employees are eligible to participate if they have reached the age of 21, completed 1 year of service and at least 1000 hours within that year. The employee may elect to make specific percentage or dollar amount contributions each year to the plan. The employee is fully vested in these salary deferrals.

As part of the plan, employees receive a safe harbor contribution of 3% of their salary. This safe harbor contribution is immediately 100% vested. At the end of each year, the Organization may make an additional discretionary contribution. This contribution may vary year to year, but management expects it to be between 2% and 7% of employee salaries.

The Organization may also make enhanced contributions to the plan on behalf of the employee with total Organization contributions ranging from 3% to 10% of compensation, depending on length of service to the company, job title and total compensation. The enhanced contributions are subject to the plan's vesting schedule.

For the years ended September 30, 2017 and 2016, employee matching contributions totaled **$54,219** and $32,504, respectively.

6. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Organization maintains its cash and cash equivalent balances at one financial institution located in Salt Lake City, Utah. The deposits may at times exceed their federally insured limits of $250,000, as established by the Federal Deposit Insurance Corporation.

Uninsured balances in the cash and cash equivalents totaled **$6,628,160** and $7,489,535 as of September 30, 2017 and 2016, respectively. The Organization has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

The Organization is economically dependent on the state of Utah for revenue through contracts to provide sports and tourism marketing and services. These contracts represented approximately **66%** and 64% of total revenue for the Organization for the years ended September 30, 2017 and 2016, respectively, and **99%** and 98% of accounts and sponsorships receivables as of September 30, 2017 and 2016, respectively.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date of the audit report, which is the date the financial statements were available to be issued. No events have occurred subsequent to September 30, 2017 that would require recording or disclosure in these financial statements.